

Message Text

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PAGE 01 JAKART 00660 161007Z

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ACTION EA-10

INFO OCT-01 ISO-00 ES-01 /012 W
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R 160900Z JAN 75
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 6135
INFO CINCPAC HONOLULU HI

C O N F I D E N T I A L JAKARTA 0660

CINCPAC FOR POLAD

EO 11652: GDS
TAGS: EAID, ID
SUBJ: AID LEVELS FOR INDONESIA

REF: A. CINCPAC 272222Z DEC 74 B. STATE 0975

1. IN MEETING WITH FOREIGN MINISTER MALIK JANUARY 16 I
CONVEYED POINTS ON BLEAK AID PROSPECTS IN WASHINGTON AS
PROPOSED IN REF A AND AS AMENDED BY REF B.

2. IN RESPONSE MALIK ASKED HOW MUCH OF A REDUCTION
DEVELOPMENT LOAN PROGRAM FOR FY 75 REPRESENTED OVER
EALRIER EXPECTATIONS. I TOLD HIM \$40 MILLION DL FIGURE
WAS REDUCTION FROM \$60 MILLION ORIGINALLY REQUESTED.
GIVEN PRESSURES AGAINST FOREIGN ASSISTANCE AND PARTI-
CULARLY AGAINST ASSISTANCE TO OIL PRODUCING COUNTRIES,
\$40 MILLION FIGURE REPRESENTED SUBSTANTIAL INDICATION OF
CONTINUING US INTEREST IN INDONESIA. PARALLEL WITH
THIS IS GROWING LEVEL OF EXIM BANK COMMITMENTS TO
INDONESIA WHICH SINCE SEPTEMBER APPROACHES \$100 MILLION
MARK.

3. MALIK THEN ASKED ABOUT RESTRICTIONS IN TRADE ACT
RELATING TO OPEC MEMBERS AND SAID "WHAT SHALL I TELL
MINISTER OF TRADE?" I SAID BOTH PRESIDENT AND SECRETARY
HAS DEPLORED THESE CONGRESSIONAL RESTRICTIONS AND
SECRETARY HAS SAID HE WOULD SEEK CHANGES. I COULD ALSO
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PAGE 02 JAKART 00660 161007Z

SAY THAT WHILE FULL POSSIBILITIES OF COMPLICATED TRADE

LEGISLATION WERE STILL BEING EXPLORED, I HAVE BEEN LED TO BELIEVE THAT TRADE ARRANGEMENTS WITH INDONESIA WILL NEVERTHELESS BE POSSIBLE.

4. I MENTIONED THAT RESTRICTIONS IN TRADE ACT WERE INDICATIVE OF ATTITUDE TOWARD OIL PRODUCING STATES WHICH IS ALSO REFLECTED IN TREASURY POLICIES RELATING TO LOANS TO MULTILATERAL ORGANIZATIONS. US HAD ABSTAINED RECENTLY ON FIVE LOANS TO NIGERIA. I HAD DISCUSSED SPECIAL CIRCUMSTANCES OF INDONESIA WHEN I WAS IN WASHINGTON AND HOPED THAT FLEXIBILITY WOULD BE SHOWN IN APPLICATION OF THIS POLICY IN VIEW OF THESE SPECIAL NEEDS.

5. MALIK THANKED ME FOR EXPOSITION AND SUGGESTED I REVIEW THESE MATTERS WITH MINISTER PLANNING WIDJOJO WHOM I PLAN TO SEE WHEN HE RETURN FROM IRAN.

6. COMMENT: WE HAVE LAID GROUND WORK FOR POSSIBLE BLEAKER PROSPECTS IN FY 75. THIS DOES NOT MEAN, HOWEVER, THAT ABRUPT TERMINATION OF CONCESSIONAL AID WILL BE FULLY UNDERSTOOD OR ACCEPTED BY INDONESIAN LEADERSHIP. IT REMAINS OUR VIEW THAT SOME FY 76 CONCESSIONAL AID, EVEN THOUGH REDUCED, REMAINS IMPORTANT TO ACHIEVEMENT OUR OBJECTIVES HERE. NEWSOM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, APPROPRIATIONS, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975JAKART00660
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750017-0020
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750147/aaaabpcu.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 CINCPAC 272222Z, 75 DEC 74, 75 STATE 0975
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 14 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 JUL 2003 by BoyleJA>; APPROVED <15 JUL 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AID LEVELS FOR INDONESIA
TAGS: EAID, ID, US, (MALIK, ADAM)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006